

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED:

12 / 31 / 15

PROVIDER(S): Stoneridge Creekview Pleasanton CCRC, LLC

CCRC(S): Stoneridge Creek Pleasanton

CONTACT PERSON: Caroline Yeo

TELEPHONE NO.: (925) 474-1220

EMAIL: yeoc@stoneridgecreek.com

RECEIVED
APR 29 2015

CONTINUING CARE
CONTRACTS BRANCH

A complete annual report must consist of 3 copies of all of the following:


- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$ 16,494
 - ☐ If applicable, late fee in the amount of: \$ _____
- ☒ Certification by the provider's **Chief Executive Officer** that:
 - ☒ The reports are correct to the best of his/her knowledge.
 - ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☒ The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.
- ☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☒ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for **each** community.
- ☐ Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

RECEIVED
APR 29 2016
CONTINUING CARE
CONTRACTS BRANCH

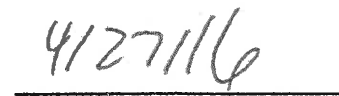
STATEMENT OF CHIEF EXECUTIVE OFFICER
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES ANNUAL REPORT
STONERIDGE CREEK PLEASANTON CCRC, LLC

The undersigned does attest the 2015 Annual Report is correct; the contract in use for new residents has been approved by the Department, and is maintaining liquid and refund reserves pursuant to requirements of the California Health and Safety Code.



Ryan Currie

Chief Executive Officer



Date

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/30/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402	CONTACT NAME: Shannon Wang	
	PHONE (A/C, No, Ext): 800 499-0933	FAX (A/C, No): 866.577.1326
	E-MAIL ADDRESS: Shannon.Wang@propelinsurance.com	
INSURED Continuing Life LLC 1940 Levante Street Carlsbad, CA 92009	INSURER(S) AFFORDING COVERAGE	
	INSURER A : Columbia Casualty Company	NAIC # 31127
	INSURER B : Church Mutual Insurance Company	18767
	INSURER C :	
	INSURER D :	
	INSURER E :	
INSURER F :		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		5087056186	06/30/2015	06/30/2016	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$included \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> Comp 1,000 <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Coll \$1,000		031623809783338	06/30/2015	06/30/2016	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10000		5087056172	06/30/2015	06/30/2016	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$ WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				
A	Professional Liability		5087056186	06/30/2015	06/30/2016	\$1,000,000 Occurrence \$3,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Stoneridge Creek Pleasanton CCRC LLC DBA Stoneridge Creek

CERTIFICATE HOLDER

CANCELLATION

Evidence of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)

06/30/2015

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402		PHONE (A/C, No, Ext): 253 759-2200	COMPANY NAME AND ADDRESS Continental Casualty Company 333 South Wabash Avenue Floor 22 Chicago, IL 60604		NAIC NO: 20443
FAX (A/C, No): 866.577.1326	E-MAIL ADDRESS: Shannon.Wang@propelinsurance.com		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #: 114921			LOAN NUMBER		POLICY NUMBER RMP5087064868
NAMED INSURED AND ADDRESS Continuing Life LLC 1940 Levante Street Carlsbad, CA 92009			EFFECTIVE DATE 06/30/2015	EXPIRATION DATE 06/30/2016	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
ADDITIONAL NAMED INSURED(S)			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on Page 2, if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
Location #: 91 3300 Stoneridge Creek Way Pleasanton, CA 94588
Building #: 1 Stoneridge Creek-Clubhouse


THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL	
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 17,400,000		Building		DED: \$10,000		
		YES	NO	N/A		
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE		<input checked="" type="checkbox"/>			If YES, LIMIT: \$45,000,000 <input checked="" type="checkbox"/> Actual Loss Sustained; # of months 12	
BLANKET COVERAGE Combined Bldg & Per		<input checked="" type="checkbox"/>			If YES, indicate value(s) reported on property identified above: \$ 515,719,381	
TERRORISM COVERAGE		<input checked="" type="checkbox"/>			Attach Disclosure Notice / DEC	
IS THERE A TERRORISM-SPECIFIC EXCLUSION?			<input checked="" type="checkbox"/>			
IS DOMESTIC TERRORISM EXCLUDED?			<input checked="" type="checkbox"/>			
LIMITED FUNGUS COVERAGE		<input checked="" type="checkbox"/>			If YES, LIMIT: \$100,000 DED: \$10,000	
FUNGUS EXCLUSION (IF "YES", specify organization's form used)			<input checked="" type="checkbox"/>			
REPLACEMENT COST		<input checked="" type="checkbox"/>				
AGREED VALUE		<input checked="" type="checkbox"/>				
COINSURANCE		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		If Yes, 100 % Building	
EQUIPMENT BREAKDOWN (If Applicable)		<input checked="" type="checkbox"/>			If YES, LIMIT: DED:	
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg		<input checked="" type="checkbox"/>			If YES, LIMIT: Included DED:	
- Demolition Costs		<input checked="" type="checkbox"/>			If YES, LIMIT: SEE BELOW DED:	
- Incr. Cost of Construction		<input checked="" type="checkbox"/>			If YES, LIMIT: SEEBELOW DED:	
EARTH MOVEMENT (If Applicable)		<input checked="" type="checkbox"/>			If YES, LIMIT: SEEBELOW DED:	
FLOOD (If Applicable)		<input checked="" type="checkbox"/>			If YES, LIMIT: 10000000 DED:	
WIND/HAIL (If Subject to Different Provisions)		<input checked="" type="checkbox"/>			If YES, LIMIT: DED:	
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS						

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LENDERS LOSS PAYABLE	<input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
NAME AND ADDRESS De Lage Landen PO Box 41602 Philadelphia, PA 19101		AUTHORIZED REPRESENTATIVE 

***** Commercial Property Location Specific Coverages *****

Amount of Insurance: 17,400,000
Subject of Insurance: Building
Valuation: Replacement Cost
Deductible: \$10,000

******* Description of Operations *******

RE: Contract #25284624 - Leased Copier

******Blanket Coverage Information******

Blanket #1 Combined Bldg & Per Prop Amt: 553,169,387 Ded: \$10,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #2 Business Income (Value) Amt: 45,000,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #3 Flood Amt: 10,000,000 Ded: \$10,000
Cause of Loss: Flood
Valuation: Agreed Value (inland marine only)
Agreed Amount Applies
Deductible Type: Excludes Stnrdg

Blanket #4 EQSL Amt: 1,000,000 Ded: \$10,000
Cause of Loss: Earthquake Sprinkler Leakage
Valuation: Replacement Cost
Agreed Amount Applies

Blanket #5 Flood Amt: 18,300,000 Ded: \$10,300,000
Cause of Loss: Flood
Agreed Amount Applies
Deductible Type: Stoneridge & CreekView

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)

06/30/2015

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PRODUCER NAME, CONTACT PERSON AND ADDRESS Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402		PHONE (A/C, No, Ext): 253 759-2200	COMPANY NAME AND ADDRESS Continental Casualty Company 333 South Wabash Avenue Floor 22 Chicago, IL 60604		NAIC NO: 20443
FAX (A/C, No): 866.577.1326	E-MAIL ADDRESS: Shannon.Wang@propelinsurance.com		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #: 114921			LOAN NUMBER		POLICY NUMBER RMP5087064868
NAMED INSURED AND ADDRESS Continuing Life LLC 1940 Levante Street Carlsbad, CA 92009			EFFECTIVE DATE 06/30/2015	EXPIRATION DATE 06/30/2016	CONTINUED UNTIL TERMINATED IF CHECKED <input type="checkbox"/>
ADDITIONAL NAMED INSURED(S)			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on Page 2, if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION
Location #: **90 3292 Stoneridge Creek Way Pleasanton, CA 94588**
Building #: **1 Stoneridge Creek-Guard House**


THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 190,000		Building		DED: \$10,000	
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	X	YES	NO	N/A	If YES, LIMIT: \$45,000,000 <input checked="" type="checkbox"/> Actual Loss Sustained; # of months 12
BLANKET COVERAGE Combined Bldg & Per	X	If YES, indicate value(s) reported on property identified above: \$ 515,719,381			
TERRORISM COVERAGE	X	Attach Disclosure Notice / DEC			
IS THERE A TERRORISM-SPECIFIC EXCLUSION?			X		
IS DOMESTIC TERRORISM EXCLUDED?			X		
LIMITED FUNGUS COVERAGE	X				If YES, LIMIT: \$100,000 DED: \$10,000
FUNGUS EXCLUSION (IF "YES", specify organization's form used)			X		
REPLACEMENT COST	X				
AGREED VALUE	X				
COINSURANCE	X	X			If Yes, 100 % Building
EQUIPMENT BREAKDOWN (If Applicable)	X				If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X				If YES, LIMIT: Included DED:
- Demolition Costs	X				If YES, LIMIT: SEE BELOW DED:
- Incr. Cost of Construction	X				If YES, LIMIT: SEEBELOW DED:
EARTH MOVEMENT (If Applicable)	X				If YES, LIMIT: SEEBELOW DED:
FLOOD (If Applicable)	X				If YES, LIMIT: 10000000 DED:
WIND/HAIL (If Subject to Different Provisions)	X				If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS					

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE		
NAME AND ADDRESS Evidence of Insurance Tacoma, WA		AUTHORIZED REPRESENTATIVE 

***** Commercial Property Location Specific Coverages *****

Amount of Insurance: 190,000

Subject of Insurance: Building

Valuation: Replacement Cost

Deductible: \$10,000

Amount of Insurance: 5,000,000

Subject of Insurance: Business Personal Property

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Amount of Insurance: 5,000,000

Subject of Insurance: Business Income With Extra Expense

Blanket Limit: 45,000,000

Blanket #: 2

Blanket Coverage: Business Income (Value)

Valuation: Replacement Cost

Limit: 5,000,000

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Location #: 91 3300 Stoneridge Creek Way Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Clubhouse

Amount of Insurance: 17,400,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Location #: 92 3441 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-ILU1 (79 Units) Tahoe

Amount of Insurance: 14,000,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Location #: 93 3417 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creel- ILU2 (92 units) Eldorado

Amount of Insurance: 15,500,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Location #: 94 3309 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-ILU 3 (83 units) Mendocino

Amount of Insurance: 1,350,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Location #: 95 3273 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-ILU4 (48 units) Shasta

Amount of Insurance: 7,500,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%

Cause of Loss: Special (Including Theft)

Deductible: \$10,000

Location #: 96 3304 Stoneridge Creek Way Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Pool

Amount of Insurance: 2,500,000

Subject of Insurance: Building

Blanket Limit: 515,719,381

Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop

Incl. In Blk No. 1

Valuation: Replacement Cost

Replacement Cost: Yes

Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 97 3348 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Workshop
Amount of Insurance: 100,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 98 3551 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Garden Terrace C (8 Units)
Amount of Insurance: 1,900,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 99 3539 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Garden Terrace D (8 units)
Amount of Insurance: 1,900,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 100 3479 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Garden Terrace A (8 units)
Amount of Insurance: 1,900,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1

Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 101 3467 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Garden Terrace B (8 units)
Amount of Insurance: 1,900,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 102 3491 Streamside Circle Pleasanton, CA 94588

Building #: 1 Garden Terrace E (2 units)
Amount of Insurance: 488,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 103 3352 Streamside Circle Pleasanton, CA 94588

Building #: 1 Stoneridge Creek-Facilities/Maintenance
Amount of Insurance: 3,500,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 104 Trailside Circle Pleasanton, CA

Building #: 1 41 Villas
Amount of Insurance: 9,225,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1

Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

Location #: 105 Streamside Circle Pleasanton, CA

Building #: 1 37 Villas
Amount of Insurance: 8,300,000
Subject of Insurance: Building
Blanket Limit: 515,719,381
Blanket #: 1
Blanket Coverage: Combined Bldg & Per Prop
Incl. In Blk No. 1
Valuation: Replacement Cost
Replacement Cost: Yes
Coinsurance: 100%
Cause of Loss: Special (Including Theft)
Deductible: \$10,000

***** Description of Operations *****

RE: Stoneridge Creek Pleasanton CCRC LLC DBA Stoneridge Creek

****Blanket Coverage Information****

Blanket #1 Combined Bldg & Per Prop Amt: 553,169,387 Ded: \$10,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #2 Business Income (Value) Amt: 45,000,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #3 Flood Amt: 10,000,000 Ded: \$10,000
Cause of Loss: Flood
Valuation: Agreed Value (inland marine only)
Agreed Amount Applies
Deductible Type: Excludes Stnrdr

Blanket #4 EQSL Amt: 1,000,000 Ded: \$10,000
Cause of Loss: Earthquake Sprinkler Leakage
Valuation: Replacement Cost
Agreed Amount Applies

Blanket #5 Flood Amt: 18,300,000 Ded: \$10,300,000
Cause of Loss: Flood
Agreed Amount Applies
Deductible Type: Stoneridge & CreekView

STONERIDGE CREEK PLEASANTON CCRC, LLC

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

WITH INDEPENDENT AUDITORS' REPORT

STONERIDGE CREEK PLEASANTON CCRC, LLC
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DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

RECEIVED
APR 29 2016

To the Members of
Stoneridge Creek Pleasanton CCRC, LLC
Pleasanton, California

CONTINUING CARE
CONTRACTS BRANCH

We have audited the accompanying financial statements of Stoneridge Creek Pleasanton CCRC, LLC (a Delaware limited liability company) (the "Company") which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, comprehensive income (loss), changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stoneridge Creek Pleasanton CCRC, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

White Nelson Dick Evans LLP

Irvine, California

April 27, 2016

STONERIDGE CREEK PLEASANTON CCRC, LLC
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 9,023,959	\$ 6,531,745
Marketable securities	2,480,774	-
Accounts receivable	81,925	48,928
Inventories	36,777	30,074
Prepaid expenses	296,595	240,782
Other receivables	<u>51,409</u>	<u>-</u>
Total Current Assets	11,971,439	6,851,529
Property and Equipment:		
Land	41,618,577	41,618,578
Land improvements	28,565,612	28,565,612
Buildings and improvements	127,224,176	127,109,119
Furniture, fixtures and equipment	7,536,465	5,514,374
Computer equipment and systems	33,161	1,830,336
Construction in process	<u>2,538,797</u>	<u>19,961</u>
Total Property and Equipment, at Cost	207,516,788	204,657,980
Less: Accumulated depreciation	<u>(16,726,766)</u>	<u>(9,301,532)</u>
Property and Equipment, at Net Book Value	190,790,022	195,356,448
Other Assets:		
Restricted funds	939,452	939,151
Other receivables, long-term	25,000	-
Deposits	25,000	25,000
Deferred entrance fees receivable	34,158,019	19,151,234
Costs of acquiring initial continuing care contracts, net of accumulated amortization of \$897,151 in 2015 and \$498,417 in 2014	<u>4,912,401</u>	<u>5,311,135</u>
Total Other Assets	<u>40,059,872</u>	<u>25,426,520</u>
Total Assets	<u>\$ 242,821,333</u>	<u>\$ 227,634,497</u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2015 AND 2014

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts payable	\$ 416,318	\$ 680,675
Accrued expenses	1,990,034	1,933,868
Deposits on future occupancy	420,000	-
Note payable for surplus property	<u>10,152,503</u>	<u>10,124,030</u>
Total Current Liabilities	12,978,855	12,738,573
Long-Term Liabilities:		
Note payable to Master Trust	261,267,061	211,267,061
Deferred revenue from unamortized deferred entrance fees, net	<u>24,005,355</u>	<u>14,461,972</u>
Total Long-Term Liabilities	<u>285,272,416</u>	<u>225,729,033</u>
Total Liabilities	298,251,271	238,467,606
Members' Equity (Deficit):		
Members' equity (deficit)	(55,446,200)	(10,833,109)
Accumulated other comprehensive income	<u>16,262</u>	<u>-</u>
Total Members' Equity (Deficit)	<u>(55,429,938)</u>	<u>(10,833,109)</u>
Total Liabilities and Members' Equity (Deficit)	<u>\$ 242,821,333</u>	<u>\$ 227,634,497</u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Resident services	\$ 21,825,960	\$ 16,220,796
Amortization of deferred entrance fees	5,415,223	4,059,048
Deferred entrance fees on terminated contracts	295,472	143,244
Non-resident services	<u>141,746</u>	<u>145,962</u>
Total Revenues	<u>27,678,401</u>	<u>20,569,050</u>
Operating Expenses:		
Resident care	1,081,326	598,778
Food and beverage services	3,561,776	2,715,544
Environmental services	1,091,115	830,499
Plant facility operating costs	3,013,886	2,757,072
General and administrative expenses	7,375,939	7,189,716
Depreciation and amortization	<u>7,823,967</u>	<u>7,779,716</u>
Total Operating Expenses	<u>23,948,009</u>	<u>21,871,325</u>
Income (Loss) from Operations	3,730,392	(1,302,275)
Other Income (Expense):		
Net realized loss on sale of marketable securities	(16,422)	-
Interest and dividend income	32,239	376
Interest expense	<u>(28,473)</u>	<u>(390,984)</u>
Total Other Income (Expense)	<u>(12,656)</u>	<u>(390,608)</u>
Net Income (Loss)	<u>\$ 3,717,736</u>	<u>\$ (1,692,883)</u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Net Income (Loss)	\$ 3,717,736	\$ (1,692,883)
Other Comprehensive Income:		
Net unrealized holding gains arising during the year	<u>16,262</u>	<u>-</u>
Total Other Comprehensive Income	<u>16,262</u>	<u>-</u>
Comprehensive Income (Loss)	<u>\$ 3,733,998</u>	<u>\$ (1,692,883)</u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Capital		Accumulated Deficit	Accumulated Other Comprehensive Income	Total Members' Equity (Deficit)
	Class A	Class B			
Balance at December 31, 2013	\$ 23,547,894	\$ (1,298,148)	\$ (11,923,228)	\$ -	\$ 10,326,518
Distributions	(16,164,232)	(3,302,512)	-	-	(19,466,744)
Net loss	-	-	(1,692,883)	-	(1,692,883)
Balance at December 31, 2014	7,383,662	(4,600,660)	(13,616,111)	-	(10,833,109)
Capital contributions	3,342,938	-	-	-	3,342,938
Distributions	(48,207,700)	(3,466,065)	-	-	(51,673,765)
Net unrealized holding gains arising during the year	-	-	-	16,262	16,262
Net income	-	-	3,717,736	-	3,717,736
Balance at December 31, 2015	<u>\$ (37,481,100)</u>	<u>\$ (8,066,725)</u>	<u>\$ (9,898,375)</u>	<u>\$ 16,262</u>	<u>\$ (55,429,938)</u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from residents	\$ 22,434,955	\$ 16,331,521
Interest and dividend income	32,239	376
Interest expense	(28,473)	(390,984)
Reimbursements for services to non-residents	141,746	145,962
Cash paid to suppliers and employees	<u>(16,417,685)</u>	<u>(19,581,404)</u>
Net Cash Provided by (Used in) Operating Activities	6,162,782	(3,494,529)
Cash Flows from Investing Activities:		
Payments made on purchases of property and equipment	(2,858,807)	(788,111)
Purchases of marketable securities	(2,547,231)	-
Proceeds from redemption of marketable securities	<u>66,297</u>	<u>-</u>
Net Cash Used in Investing Activities	(5,339,741)	(788,111)
Cash Flows from Financing Activities:		
Proceeds from note payable to Master Trust	50,000,000	62,137,978
Payments on construction note payable	-	(35,312,282)
Capital contributions from member	3,342,938	-
Distributions	<u>(51,673,765)</u>	<u>(19,466,744)</u>
Net Cash Provided by Financing Activities	<u>1,669,173</u>	<u>7,358,952</u>
Net Change in Cash and Cash Equivalents	2,492,214	3,076,312
Cash and Cash Equivalents, Beginning of Year	<u>6,531,745</u>	<u>3,455,433</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 9,023,959</u></u>	<u><u>\$ 6,531,745</u></u>

The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

Reconciliation of Net Income (Loss) to Net Cash

Provided by (Used in) Operating Activities:

Net Income (Loss)	\$ 3,717,736	\$ (1,692,883)
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Non-Cash Items Included in Net Income (Loss):

Depreciation and amortization	7,823,967	7,779,716
Amortization of deferred entrance fees	(5,415,223)	(4,059,048)
Deferred entrance fees on terminated contracts	(295,472)	(143,244)
Accrued interest on surplus property note payable	28,473	124,030
Loss on sale of marketable securities	16,422	-

Changes In:

Accounts receivable	(32,997)	(39,576)
Inventories	(6,703)	(30,074)
Prepaid expenses	(55,813)	(209,201)
Other receivables	(76,409)	422,400
Restricted funds	(301)	(375)
Deposits	-	9,113
Deferred entrance fees receivable	247,293	150,676
Accounts payable	(264,357)	(7,336,071)
Accrued expenses	56,166	1,530,008
Deposits on future occupancy	420,000	-

Net Cash Provided by (Used in) Operating Activities	\$ <u>6,162,782</u>	\$ <u>(3,494,529)</u>
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Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Deferred entrance fees receivable and deferred revenue

from unamortized deferred entrance fees recorded to

reflect additional amounts due from resident contributions

	\$ <u>15,254,078</u>	\$ <u>14,222,277</u>
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The accompanying notes are an integral part of these financial statements.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Stoneridge Creek Pleasanton CCRC, LLC ("the Company") owns and operates a multi-use continuing care retirement community located in Pleasanton, California.

Limited Liability Company Agreement

The following represents a summary of significant financial terms of the Company's Operating Agreement. The Operating Agreement should be referred to for more specific terms.

The Company has two types of members - Class A and Class B - and one appointed Manager, who is responsible for the management of the day-to-day business and affairs of the Company. The Manager is granted the authority to act on behalf of the Company, except for those actions requiring a Class A Majority in Interest Vote or the unanimous approval of the Class A Members, as designated in the Company's Operating Agreement. Class A Members also have the authority to remove or replace the Manager.

One of the Class A members is designated as the financing member. No member other than the financing member is required to contribute capital to the Company at any time. The capital contributions shall earn a cumulative preferred return of 8 percent. As of December 31, 2015 and 2014, 85 percent of the Company is owned by Class A members and 15 percent of the Company is owned by Class B members.

The members' liability to general creditors is limited to their investments in the Company. In accordance with the Operating Agreement, the Company will continue until dissolved pursuant to the terms of the Agreement.

Profits and losses for financial statement purposes, distributable cash from operations and profits and losses for tax purposes are allocated and distributed to the members in accordance with the Operating Agreement. The Operating Agreement also provides for priority distributions, plus an allowance for interest.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative U.S. GAAP.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include the operating cash account of the Company, money market accounts, time deposits, certificates of deposit, and all highly-liquid debt instruments with original maturities of three months or less.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Marketable Securities

Marketable securities held by the Company at December 31, 2015, are classified in accordance with ASC 320-10, "*Investments - Debt and Equity Securities*", as available-for-sale and stated at their fair market value based on quoted market prices. Realized gains or losses from the sale of marketable securities are computed based on specific identification of historical cost. Unrealized gains or losses of marketable securities are reported as a separate component of members' equity (deficit) and as a separate component of other comprehensive income (loss).

Accounts Receivable

Accounts receivable consist of amounts due from residents for monthly service fees and other ancillary services. These services and fees are primarily due upon receipt of invoice. Receivables are reviewed weekly and are considered past due 14 days after issuance of monthly statements. Accounts for which no payments have been received for 30 days are considered delinquent and customary collection efforts are initiated. Uncollectible accounts are written-off at the advice of a collection attorney and with the approval of ownership.

The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. No allowance was necessary at December 31, 2015 and 2014.

Inventories

Inventories consist of food and supplies used in the operations and are valued at the lower of cost or market on a first-in, first-out basis.

Property and Equipment

Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the respective assets. Depreciation for property and equipment is computed on the straight-line method for book purposes.

The estimated useful lives of the related assets are as follows:

Land improvements	20 years
Buildings and improvements	10-40 years
Furniture, fixtures and equipment	10 years
Computer equipment and systems	5-10 years

Depreciation expense for the years ended December 31, 2015 and 2014, totaled \$7,425,233 and \$7,380,982, respectively.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

The Company accounts for impairment and disposition of long-lived assets in accordance with ASC 360-10, "*Property, Plant, and Equipment*". ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of value of such assets for the years ended December 31, 2015 and 2014.

Deposits on Future Occupancy

Deposits on future occupancy represent deposits on future contracts from prospective residents that are fully refundable upon demand.

Revenue Recognition

Revenue from resident and non-resident services is accounted for on the accrual basis of accounting as earned. See Note 10 for a description of the revenue recognition policy of deferred entrance fees.

Revenue and Expenses

In accordance with the Residence and Care Agreement, future monthly fees due from residents for maintenance and operating expenses may be adjusted with appropriate notice as specified in the individual agreements.

Income Taxes

The Company is taxed as a Partnership for federal tax purposes and accordingly, pays no federal taxes. For California purposes, the Company pays an \$800 Limited Liability Company tax plus a fee based on its total revenue. The taxable income or loss is recognized on the individual income tax returns of the members.

Advertising and Promotional Costs

Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2015 and 2014, advertising and promotional costs totaled \$876,870 and \$769,229, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

Comprehensive Income

Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. The Company has presented separate statements of comprehensive income (loss). An analysis of changes in components of accumulated other comprehensive income (loss) is presented in the statements of changes in members' equity (deficit).

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

New Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU” or “Update”) 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”. As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.

The ASU core principal is to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 also improves U.S. GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU 2015-14, “*Revenue from Contracts with Customers (ASC 606): Deferral of the Effective Date*”, as an update for entities to apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2014-09 and ASU 2015-14 on the presentation of its financial statements.

In January 2016, the FASB issued ASU 2016-01, “*Financial Instruments - Overall (Subtopic 825-10)*”. The amendments in this Update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments also require enhanced disclosures about those investments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2016-01 on the presentation of its financial statements.

Note 2: Concentrations, Risks, and Uncertainties

The Company maintains cash balances with one financial institution. At December 31, 2015 and 2014, accounts at the institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

At December 31, 2015, the Company also maintains its money market funds and investments in equity securities at brokerage firms which are not FDIC insured. The firms are insured by Securities Investor Protection Corporation (“SIPC”) up to \$500,000.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 3: Marketable Securities

At December 31, 2015, the Company's investments consist primarily of publicly traded equity securities categorized as available-for-sale securities and are stated at fair market value.

At December 31, 2015, cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 2,464,512	\$ 2,480,774	\$ 134,761	\$ 118,499
Total Marketable Securities	<u>\$ 2,464,512</u>	<u>\$ 2,480,774</u>	<u>\$ 134,761</u>	<u>\$ 118,499</u>

At December 31, 2015, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2015, the aggregate market value of marketable securities exceeds their aggregate cost by \$16,262. Other comprehensive income for the year ended December 31, 2015 includes net unrealized holding gains arising during the year of \$16,262.

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2015, resulted in proceeds of \$66,297, and net realized losses of \$16,422.

Note 4: Restricted Funds

As a condition of development, the Company entered into an agreement with the City of Pleasanton, California, whereby the Company will provide a certain number of independent living units that will be affordable to households of lower incomes as specified in the agreement. The agreement also calls for the Company to establish an annuity for the purpose of providing ongoing subsidies to specific households for future periods. At December 31, 2015 and 2014, amounts established totaled \$939,452 and \$939,151, respectively, and the Company was in compliance with all terms of the agreement.

Note 5: Costs of Acquiring Initial Continuing Care Contracts

Costs of acquiring initial continuing care contracts were capitalized since they were expected to be recovered from future contract care revenues. Initial continuing-care contracts are defined as the resident contracts entered into within one year of the opening of the facility. These costs were amortized using a straight-line method over the average expected remaining lives of the residents under contract or the contract term, if shorter. The annual amortization related to these costs for both years ended December 31, 2015 and 2014, totaled \$398,734.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 5: Costs of Acquiring Initial Continuing Care Contracts (Continued)

The following table represents the total estimated amortization of costs of acquiring initial continuing care contracts assets for each of the succeeding years:

2016	\$ 398,734
2017	398,734
2018	398,734
2019	398,734
2020	398,734
Thereafter	<u>2,918,731</u>
	<u>\$ 4,912,401</u>

Note 6: Notes Payable

At December 31, 2015 and 2014, the Company has a promissory note payable to the Surplus Property Authority of Alameda County for consideration of a specific lot of land. At December 31, 2015 and 2014, the outstanding balance of this note payable was \$10,000,000, and accrued and unpaid interest totaled \$152,503 and \$124,030, respectively. The interest, which is adjusted annually on the anniversary of the note, is calculated as the highest Local Agency Investment Fund apportionment rate for the 3 month period prior to such anniversary. At December 31, 2015 and 2014, the applicable interest rates were 0.32 and 0.26 percent, respectively. The principal plus all accrued and unpaid interest are due on the earlier of either (i) the seventh anniversary date of the promissory note, or (ii) no later than 5 days prior to the date construction commences on the first buildings and improvements on the specified lot of land. Management has commenced construction on the lot during 2016 and accordingly, the principal amount of \$10,000,000, together with accrued interest amounting to \$152,503, is presented as a current liability on the accompanying balance sheet.

In December 2015, the Company entered into a construction loan with two lending banks that provides for combined borrowings up to \$68,800,000. At December 31, 2015, there was no balance due on the construction loan. Interest will be payable monthly at LIBOR daily floating rate plus 2.5 percent per annum, or 2.9239 percent at December 31, 2015. The loan matures November 2018, subject to earlier acceleration in accordance with the terms of the loan document. The loan is secured by a construction deed of trust, assignment of rents and leases, security agreement, and fixture filing on specific real and personal property. In addition, there is a personal guaranty from the financing member for up to 50 percent of the outstanding principal balance, and 100 percent of all loan costs, other than principal, including any accrued and unpaid interest.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 7: Residence and Care Agreement

Each new resident enters into a contract with the Company called the Residence and Care Agreement. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. The provisions of the agreement include, but are not limited to, such items as the unit to be occupied, initial monthly fee, amount of contribution to the Master Trust (see Note 8), and methods of cancellation and refunds or contingent repayments subject to resale of the units.

Prior to actual occupancy by the resident, a contribution is required to be deposited with the Master Trust pursuant to the Residence and Care Agreement (the "Residence Agreement").

Under the Residence Agreement, the contribution received will be repayable under the following terms and conditions:

- (1) Cancellation During The Trial Residence Period - Under California law, there is a probationary period of 90 days after the date of the signed agreement during which either the Company or the resident may cancel the agreement with or without cause. Death of the resident during the period will cancel the agreement. In the event of cancellation, the resident shall be entitled to a refund in accordance with California law which states that the Company may deduct from the contribution amount a reasonable fee to cover costs and any charges incurred but not paid.
- (2) Cancellation After 90 Days - A resident may cancel his or her agreement at any time after the trial residence period for any reason by giving the Company 90 days written notice. Death of the resident will cancel the agreement. However, if an agreement applies to more than one resident, it will remain in effect after the death of one of the residents and be adjusted as described in the agreement. The Company may cancel the agreement at any time after the trial residence period for good cause, upon 90 days written notice to the resident. Examples of good cause are defined in the Residence Agreement.

Upon termination of the Residence Agreement, the resident or his or her estate will be entitled to a repayment of the contribution less a predetermined percentage and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements.

Note 8: Note Payable to Master Trust and Trust Agreement

The Stoneridge Creek Pleasanton Master Trust was established to provide protection to the residents of the community by providing them with a vehicle through which they obtain a secured interest in the real property of the Company. New residents join in and become grantors under the trust agreement. At December 31, 2015 and 2014, the balance outstanding on the Master Trust note payable was \$261,267,061 and \$211,267,061, respectively.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 8: Note Payable to Master Trust and Trust Agreement (Continued)

A contribution amount, as specified in the Residence Agreement, is made to the Master Trust by the grantor (see Note 7). The trustee of the Master Trust is directed to invest virtually all of the funds in the form of an interest-free loan to the Company.

The loan which currently may not exceed \$361,000,000 is secured by the following:

- (1) A first priority deed of trust on the Company's real property and improvements thereon.
- (2) Security agreement creating a first security interest in the Company's current and hereafter acquired equity in all of the improvements, fixtures, personal property, and intangible property associated and used in connection with the real property described in the deed of trust.
- (3) First priority assignment of contracts including, but not limited to, any residence and care agreement and any management agreement entered into in conjunction with the operation of Stoneridge Creek Pleasanton.

The security also includes any income generated from and any insurance proceeds recovered from the loss of any property serving as collateral for this loan.

Repayments of principal will be made in annual amounts for a period of forty years commencing on the earlier of January 1, 2025, or the January 1 next following the Company's maintaining (i) a minimum of 95 percent occupancy for 6 consecutive months for all planned units or (ii) an average of 95 percent occupancy for 12 consecutive months for all planned units, with final payment due December 31, 2061. Each annual payment or series of payments made during the year shall be equal to or greater than the amount of principal advanced on December 15 next preceding the payment due date divided by forty years. The Company had not yet met the minimum occupancy requirement as of December 31, 2015; therefore, no principal payment was due.

In December 2015, the Stoneridge Creek Pleasanton Master Trust Agreement Phase II ("Trust 2") was established to provide the prospective residents of the North Phase with a secured interest in the real property, as well as provide permanent financing for Stoneridge Creek Pleasanton and improvements thereto. Trust 2 established a loan amount not to exceed \$157,000,000, and upon completion of the North Phase and full repayment of the construction loan (see Note 6), Trust 2 will be merged into the original Stoneridge Creek Pleasanton Master Trust.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 9: Commitments and Contingencies

Obligation to Provide Future Services

The Company annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the present value of monthly service fees and the unamortized deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the monthly service fees and deferred revenue from deferred entrance fees, a liability is recorded.

Using a discount rate at December 31, 2015 and 2014, of 6 percent for both years, the anticipated revenues are estimated to exceed the cost of future services by \$79,156,261 and \$82,234,327, for the years ended December 31, 2015 and 2014, respectively. Therefore, no liability was accrued.

Reservations and Designations

At December 31, 2015 and 2014, the Company maintains cash reserves in the amount of \$3,278,183 and \$2,785,205, respectively, for operating expense contingencies in accordance with requirements of the California Health and Safety Code under the State of California Department of Social Services. These reserves are included in cash and cash equivalents and marketable securities on the accompanying balance sheets.

Litigation

The Company experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

Note 10: Deferred Revenue from Unamortized Deferred Entrance Fees

At December 31, 2015 and 2014, deferred revenue from unamortized deferred entrance fees consists of the following:

	<u>2015</u>	<u>2014</u>
Deferred entrance fees before repayment	\$ 34,023,783	\$ 19,151,234
Less: Accumulated amortization of deferred entrance fees	<u>(10,018,428)</u>	<u>(4,689,262)</u>
Deferred Revenue from Unamortized Deferred Entrance Fees, Net	<u>\$ 24,005,355</u>	<u>\$ 14,461,972</u>

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 10: Deferred Revenue from Unamortized Deferred Entrance Fees (Continued)

The deferred entrance fees are amortized to income using the straight-line method over future periods based on the estimated life of the resident in accordance with ASC 954-430, "*Health Care Entities - Deferred Revenue*". The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit. During 2015 and 2014, the deferred entrance fees amortized into income were \$5,415,223 and \$4,059,048, respectively, based on total deferred entrance fees of \$76,157,795 and \$61,064,261, respectively.

Note 11: Related Party Transactions

At December 31, 2015 and 2014, the Company has a formal service agreement with a related company concerning the provision of administrative and operational oversight services, including use of brand, transaction processing, benefit and insurance administration, among others. The service agreement calls for a predetermined service fee, payable in equal monthly installments, and the agreement renews annually unless cancelled. For the years ended December 31, 2015 and 2014, services paid under this agreement totaled \$433,196 and \$313,000, respectively. The service agreement also provides for additional fees for supplemental services and out-of-pocket expenses, as needed. For the years ended December 31, 2015 and 2014, the additional fees paid under this agreement totaled \$130,368 and \$130,681, respectively. Furthermore, the service agreement also provides for insurance premiums to be paid to a related company. Insurance premiums paid under this agreement for the years ended December 31, 2015 and 2014 totaled \$300,673 and \$351,377, respectively.

During the years ended December 31, 2015 and 2014, the Company paid \$50,000 each year for management services provided by an affiliated entity owned by the financing member. These expenses are included in the general and administrative expenses in the accompanying statements of operations.

At December 31, 2015, the Company has an agreement for purchased health care costs with Creekview HC, LLC, an affiliated entity. The health care costs paid to this entity during the year ended December 31, 2015, were \$451,367, and are included in resident care expenses in the accompanying statements of operations. In addition, the Company had payables for accrued health care costs totaling \$64,396 at December 31, 2015, which are included in accounts payable in the accompanying balance sheets.

Note 12: Employee Benefit Plan

The Company sponsors a qualified 401(k) plan (the "Plan") for all eligible employees. Employees may contribute up to 80 percent of their annual compensation, up to the maximum prescribed by law. The Company makes a safe harbor matching contribution equal to 100 percent of the first 3 percent of the participant's compensation and 50 percent of the next 2 percent of the participant's compensation which is deferred as an elective deferral. For the years ended December 31, 2015 and 2014, employer contributions to the Plan totaled \$88,811 and \$72,876, respectively, which have been included in general and administrative expenses in the accompanying statements of operations.

STONERIDGE CREEK PLEASANTON CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 13: Fair Value Measurements

The Company accounts for marketable securities in accordance with ASC 820, “*Fair Value Measurements and Disclosures*”. ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurement. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis comprise of available-for-sale securities. The fair value of the assets at December 31, 2015 is determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 1,008,481	\$ -	\$ -
Large Growth	547,593	-	-
Large Core	826,644	-	-
Small Core	<u>98,056</u>	<u>-</u>	<u>-</u>
 Total Assets at Fair Value	 <u>\$ 2,480,774</u>	 <u>\$ -</u>	 <u>\$ -</u>

Note 14: Subsequent Events

Events occurring after December 31, 2015, have been evaluated for possible adjustment to the financial statements or disclosure as of April 27, 2016, which is the date the financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

To the Members of
Stoneridge Creek Pleasanton CCRC, LLC
Pleasanton, California

We have audited the financial statements of Stoneridge Creek Pleasanton CCRC, LLC (the "Company") as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 27, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. The audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying schedules of Form 5-1 through Form 5-5 and Form 7-1 has been prepared for filing with the State of California, Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole and presents fairly in all material respects the continuing care reserve requirements of the Company at December 31, 2015, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

This report is intended solely for the information and use of the members and management of the Company and for filing with the California Department of Social Services and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

White Nelson Diehl Evans LLP

Irvine, California
April 27, 2016

**FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	08/25/11	\$0	\$0	\$0	\$0
2	11/28/11	\$0	\$0	\$0	\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$0	\$0	\$0

*(Transfer this amount to
Form 5-3, Line 1)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

*(Transfer this amount to
Form 5-3, Line 2)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$0</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u></u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$0</u></u>

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$23,948,009</u>
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	<u>\$28,473</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u></u>	
c.	Depreciation	<u>\$7,425,233</u>	
d.	Amortization	<u>\$398,734</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$141,746</u>	
f.	Extraordinary expenses approved by the Department	<u></u>	
3	Total Deductions		<u>\$7,994,186</u>
4	Net Operating Expenses		<u>\$15,953,823</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$43,709</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u>\$3,278,183</u>

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC

COMMUNITY: Stoneridge Creek Pleasanton

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES
Supporting Explanation for Line 2e

Line 2e is made up of the following lines from the audited statement of cash flows:

Cash received from community services	
Reimbursements for services to non-residents	<u>\$ 141,746</u>

Revenues received during the fiscal year for services	
to residents who did not have a continuing care contract	<u><u> </u></u>

Categories included in the above revenues:

\$	7,693	Employee Meal Income
	50,334	Guest Meals
	5,579	Catering
	-	Processing Fees
	<u>78,140</u>	<u>Guest Room</u>
<u>\$</u>	<u>141,746</u>	

PROVIDER:	<u>Stoneridge Creek Pleasanton CCRC, LLC</u>
COMMUNITY:	<u>Stoneridge Creek Pleasanton</u>

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Stoneridge Creek Pleasanton CCRC, LLC
Fiscal Year Ended: 12/31/2015

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2015 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/2015 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$0
[2] Operating Expense Reserve Amount	\$3,278,183
[3] Total Liquid Reserve Amount:	\$3,278,183

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$9,023,959
[5] Investment Securities		\$2,480,774
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$0 [12]	\$11,504,733
Reserve Obligation Amount: [13]	\$0 [14]	\$3,278,183
Surplus/(Deficiency): [15]	\$0 [16]	\$8,226,550

Signature: _____

(Authorized Representative)

Date: 4/27/16

Member
(Title)

FORM 5-5
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	\$ 9,023,959
Investment Securities	\$ 2,480,774
Total Qualifying Assets as Filed:	\$ 11,504,733

Reservations and Designations:

Reserved for Operating Expenses	\$ 3,278,183
Total Reservations and Designations:	\$ -
Remaining Liquid Reserves	\$ 8,226,550

Per Capita Cost of Operations

Operating Expenses (Form 5-4 line # 1)	\$ 23,948,009
Mean # of CCRC Residents (Form 1-1 line 10)	532.5
Per Capita Cost of Operations	\$ 44,973

PROVIDER:	<u>Stoneridge Creek Pleasanton CCRC, LLC</u>
COMMUNITY:	<u>Stoneridge Creek Pleasanton</u>

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$2,795 - \$5,303</u>	<u>N/A</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4.5%</u>	<u>N/A</u>	<u>N/A</u>

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2015
 (If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC
COMMUNITY: Stoneridge Creek Pleasanton

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
Supporting Explanation for Line 5

The first person and second person monthly fees increased 4.5% effective 1-1-2015. Stoneridge Creek Pleasanton CCRC, LLC purchases health care, when needed, from Creekview HC, LLC. As the permanently assigned residents continue to pay their usual independent living monthly service fee to Stoneridge Creek Pleasanton CCRC, LLC, the percentage of increase and revenues are combined in the residential living column.

The service fee increases were based on projected increases in the operating expenses, which include the expected increase in use of purchased health care by the residents. The percentage of monthly service increases is determined through the annual budget process.

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC
COMMUNITY: Stoneridge Creek Pleasanton

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 4/26/16

FACILITY NAME: Stoneridge Creek Pleasanton CCRC, LLC
 ADDRESS: 3300 Stoneridge Creek Way, Pleasanton ZIP CODE: 94582 PHONE: 925-201-4000
 PROVIDER NAME: Stoneridge Creek Pleasanton CCRC, LLC FACILITY OPERATOR: Life Care Services, Inc.
 RELATED FACILITIES: Creekview HC LLC RELIGIOUS AFFILIATION: N/A
 YEAR OPENED: 2013 # OF ACRES: 46 ☒ SINGLE ☒ MULTI-
 STORY STORY ☒ OTHER: Both MILES TO SHOPPING CTR: less than 2 miles
 MILES TO HOSPITAL: 2.2

 NUMBER OF UNITS: **RESIDENTIAL LIVING** **HEALTH CARE**
 APARTMENTS — STUDIO: 9 ASSISTED LIVING: _____
 APARTMENTS — 1 BDRM: 122/ 1 bdrm SKILLED NURSING: _____
 APARTMENTS — 2 BDRM: 155/2 bdrms SPECIAL CARE: _____
 COTTAGES/HOUSES: 78 DESCRIPTION: >
 RLU OCCUPANCY (%) AT YEAR END: 96.86% > _____

TYPE OF OWNERSHIP: ☐ NOT-FOR-PROFIT ☒ FOR-PROFIT ACCREDITED?: ☐ YES ☐ NO BY: _____

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☐ ENTRANCE FEE ☐ FEE FOR SERVICE
 (Check all that apply) ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

REFUND PROVISIONS: (Check all that apply) ☐ 90% ☒ 75% ☒ 50% ☒ FULLY AMORTIZED ☒ OTHER: 25%

RANGE OF ENTRANCE FEES: \$ 284,000 - \$ 1,899,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Assisted Living, Skilled Nursing and Memory Support

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > A resident representative from the Resident Council is involved in bi-weekly management meetings to serve as (a) liaison between Resident Council and management and (b) to provide input and suggestions to management and ownership from the resident perspective.

FACILITY SERVICES AND AMENITIES					
COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (2 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (1/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Bocce Ball</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Stoneridge Creek Pleasanton CCRC, LLC

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

N/A

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

N/A

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

N/A

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

N/A

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Stoneridge Creek Pleasanton CCRC, LLC

	2012	2013	2014	2015
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)			16,510,002	22,263,178
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)			14,091,609	16,124,042
NET INCOME FROM OPERATIONS			2,418,393	6,139,136
LESS INTEREST EXPENSE				
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)			-390,608	-12,656
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION			2,027,785	6,126,480
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)			53,508,228	50,101,189

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGATION	DATE OF MATURITY	AMORTIZATION PERIOD
Stoneridge Creek Pleasanton Master Trust	261,267,061	0%	11/30/2011	12/31/2061	40 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50 th Percentile (optional)	2013	2014	2015
DEBT TO ASSET RATIO			0%	0%
OPERATING RATIO			85.37%	72.42%
DEBT SERVICE COVERAGE RATIO			0%	0%
DAYS CASH ON HAND RATIO			169.18	260.43

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2012	%	2013	%	2014	%	2015
STUDIO					2,675	4.5	2,795
ONE BEDROOM					3,200	4.5	3,344
TWO BEDROOM					3,875	4.5	4,049
COTTAGE/HOUSE					4,756	4.5	4,970
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: > Stoneridge Creek Master Trust has a first priority deed of trust against Stoneridge Creek Pleasanton CCRC, LLC which provides the
> residents collateral protection. The \$261,267,061 recorded on the books as a Note Payable to the Master Trust is repayable to the residents or their
> estates upon termination of their contracts and resale of their units per the contract.

PROVIDER NAME: Stoneridge Creek Pleasanton CCRC, LLC

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{Depreciation Expense} \\ - \text{Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.